

# Industry policy and skills development

**T**he explicit linking of industry policy and skills development policy is new in South Africa.

Traditionally the two concepts were more or less separate. In many industries today there is still the firmly held belief that the only people that really constitute assets are those with high levels of specialised skills. These are the managers and professionals who benchmark themselves internationally and are more mobile than McDonald's! It's all about demand and supply they tell us. People with fewer skills are in abundant supply, not scarce at all. Indeed, with the levels of unemployment that we have in South Africa, it is relatively easy to drive the cost of this abundant resource down - 'if you don't want this job at this rate of pay, there are others who do'.

The trouble with this mindset is that it perpetuates the status quo. There has been a lot of talk about cakes and pies and who gets what share - but everyone agrees it's not just about sharing, it is also about size. We need a bigger cake but at the moment the bakery just isn't big enough. This is where industry policy comes in. We have to make plans to develop a bigger bakery. Of course there are plenty of 'regulations' from the World Trade Organisation that limit what you can do to develop your bakery. But nevertheless there are still things that can be done - and skills development is one of them.

*Adrienne Bird argues that skills development must be linked to industrial strategy for South Africa to develop and become more productive.*

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Skills development can:

- contribute to the development of new industries;
- help make existing ones more profitable and competitive;
- help others find new niches.

How? Well, rather than discuss this in abstract, I'll look at the mining industry as an example.

## **Skills and the mining industry**

An embryonic 'industry policy' for the mining industry was developed at the Mining Summit in February 2000.

Employers, unionists and government officials reached consensus on a range of new measures to grow the mining industry wherever possible. They also agreed that where job loss is unavoidable they will develop alternatives for those who lose their jobs as a result of restructuring.

A key resolution that was passed deals with skills development:

For skills development

- supporting and promoting appropriate education and training;
- encouraging through the provisions of the Skills Development Act, the National Qualifications Framework and the Mining Qualifications Authority, the development of a skilled workforce capable of flexible deployment within the sector and to ensure portability of skills to other sectors in the economy as a routine part of their employment.

### Appropriate skills

For the purpose of this article, I assumed that 'appropriate skills' in the above resolution, refers to the rest of the Mining Summit Consensus. It means those skills that are needed to support the resolutions for:

- 'mineral promotion, mineral development and managing the impact of cyclical volatility;
- co-ordinated/integrated rural development'.

What does this mean in practice? Let's take three examples. The social partners to the Mining Summit resolved to:

- promote small-scale mining in South Africa;
- link high productivity to an aggressive marketing strategy;
- pursue land rights as a key ingredient for agricultural and other economic development in rural areas as part of integrated rural development.

### Promoting small-scale mining

A wide range of support measures are required to promote small-scale mining, including:

- access to micro-credit for entrepreneurs;
  - availability of viable contracts;
  - mentorship and business support.
- Underpinning each of these support

measures is a skill question. Credit, be it micro or 'macro' needs to be managed. Entrepreneurs will need opportunities to improve their financial management skills.

Entrepreneurs need to identify, enter into, and deliver on contracts.

Entrepreneurs who are new at the game need to learn how to do these things in a way which ensures that they walk away with some profit in their pocket, but also leave behind satisfied clients who will consider contracting them again (and workers willing to continue working for them). This is no small feat in a climate where there are a growing number of competitors in the small-scale mining sector. The skills required are multi-faceted - ranging across the spectrum of management and production skills.

Mentorship and business support also implies new skills. In the cut throat world of economic survival there is normally little room for one employer to support another. If small-scale mining is to flourish, however, then the larger players will need to develop a new culture towards small-scale operators more akin to that of a supplier than that of a competitor. Mentorship itself requires skills development on the part of the mentor - when and how to support and when to stand back to ensure that independence and not dependence is promoted.

In practice the 'appropriate' skill strategy that underpins the commitment to support small-scale mining will also have to take account of real constraints - people have little time available and little money to pay. Innovative delivery methods will need to be designed which can be accessed after hours at low cost to the entrepreneur. Who will pay and who will undertake the development of these new programmes? In terms of the Skills Development Act, it must principally be the Mining Qualifications Authority (MQA)

- the Sector Education and Training Authority (SETA) for the industry. Although funds may be accessed from the National Skills Fund for certain aspects of support to small, micro enterprises.

### ***Productivity and marketing***

Another commitment of the summit was linking high productivity to an aggressive marketing strategy. Again there are a multitude of skill questions underpinning this statement. There are the skill questions associated with 'high productivity' as a target. There are skill questions associated with 'an aggressive marketing strategy'. Of course there are many other dimensions involving money, world markets and the rest - but skills are a necessary, albeit not sufficient condition for the success of the strategy. What skills are required?

Skills for high productivity are multi-layered and are very dependent on the model of work organisation being used. Flat or at least flatter organisational structures require higher levels of skills at the base - multi-skilling of team members and higher levels of team management in the middle. High productivity strategies also require exceptional senior management skills in logistics, finance and other areas. Skills requirements are also closely related to the technology being used.

An aggressive marketing strategy requires high level skills on the part of those who plan and implement such strategies. Many of these skills take a long time to develop and include academic training and extensive experience in the marketing arena.

Again the question arises - who will



*Retrenched workers need skills to find more work.*

pay and who will plan these interventions? Ultimately this is a matter that individual mines will have to address - and the Skills Development Act stimulates this with the introduction of a grant that can be claimed from the MQA when:

- a skills development facilitator is identified (grant A);
- a workplace skills plan is submitted (grant B);
- a workplace skills plan is implemented (grant C).

However, the cost of developing sufficient high level skills may exceed the capacity of individual mines and hence the MQA will need to explore opportunities for industry-wide collaboration. Mines that collaborate with such initiatives could be

rewarded with additional grant payments (grant D). Mines could also be rewarded for addressing the basic learning needs of all miners (also grant D).

### *Economic development in rural areas*

Skills are also clearly a component of the strategy to 'pursue land rights as a key ingredient for agricultural and other economic development in rural areas'. The skills to negotiate and secure the land come first - this may require special initiatives for government officials, trade union negotiators and mine management. Once land has been secured, new farmers need skills to productively use the land. They need skills linked to 'tilling and toiling' and also management and marketing.

Mentoring of new farmers may be needed. Skill programmes need to be easily accessible to farmers as they will initially have limited resources and limited time for such activities.

Again the question arises as to who will pay and who will plan these activities? This time, given that the skills are 'core business' of other SETAs such as the Primary Agriculture Education and Training Authority, the MQA's role would be to link new farmers to the SETAs and help secure the resources for this initiative.

### **Flexibility and portability**

The parties to the Mining Summit recognise that retrenchments will probably continue in the industry. They are therefore concerned that the skills acquired by miners and others should also be recognised and useful outside the industry. They hope that the new areas that are grown through industry policy interventions will provide employment alternatives. However, where this does not happen, retrenched should seek work outside the industry.

This is no simple matter. If jobs can be found within an expanding mining industry then people can be skilled into these opportunities. The steps are straight forward: What is the opportunity? What skills are needed to underpin success in this new area? Select, train and place! (Together with putting in other necessary support measures other than training, for example credit facilities etc.) This may be an expensive and time-consuming exercise but it is still do-able.

But employment outside the mining industry requires that some other sector has found growth opportunities and is able to absorb retrenched from mining. This is more difficult because many sectors have experienced retrenchments themselves and have their own queue of retrenched demanding first option on new jobs. But assuming such opportunities exist or can be created, then the steps are the same as those described above. The key in each case is that new opportunities are identified and related skills described.

When no new opportunity has been identified, then a problem exists. What new skills are relevant? The Department of Labour has learnt that simply developing skills is no guarantee that a person will find work. So in the event that no new opportunities have yet been identified, one must wonder whether training is the correct intervention. The risk is lessened the higher the skill acquired - so 'blind skilling' really only makes sense at the tertiary level. Peter Fallon and Robert Lucas found that 'the probability of being unemployed falls drastically from over 30% to around 1% when workers with 14 years of education are compared with those with 10 years'.

Trade unions have argued that in this instance the miners facing retrenchment should be given Adult Basic Education and



*An intelligent balance between generic and specialist learning is needed.*

Training (ABET). Whilst this is a realistic call, it must be clear that this is no more than a foundation on which additional skills will have to be built once a new opportunity is identified.

On its own ABET – generally heavy on literacy and numeracy and light on training – does not prepare people for work. It prepares people to be able to learn more effectively later. The “T” of ABET depends on identified opportunities in which the skill acquired can be practised.

The National Qualifications Framework (NQF) is the most reliable means for addressing the issues of portability. But again some hard realities need to be faced. A qualification related to stoping and blasting – albeit registered on the NQF – will not travel far as it is more or less unique to mining. Skills travel only as far as their scope of application. The NQF can do no more than ensure that they do indeed travel their full potential range by ensuring

that all contexts in which a skill is applied are represented in the standard generating process.

The more generic components of a qualification will tend to have a wider applicability and will tend to lay a basis for changing contexts into the future. But again a cost/benefit analysis will be needed here – the bigger the qualification the further it will travel, but the longer it will take to acquire and the more costly it will be to deliver. And while workers consider themselves to be relatively securely employed, they have little incentive to exert the effort required to learn the additional material – particularly if there are no direct wage or promotional benefits to be enjoyed in the short-term. There are trade-offs to be made and these can only be made in context.

### **Sector Skills Plans**

The Skills Development Act requires that the newly established SETAs prepare

Sector Skills Plans. The preparation of these plans can either:

- describe the current skill environment and loosely identify those occupations that appear to be expanding and declining according to market dictates; or
- they can become living and vital parts of the plans that Sector Summits and other 'visions of the future' create.

The first option will always be constrained by the current market environment and will, in general, not be able to provide a stimulus for new growth. However, the second option opens the way for human agency - this is where we realistically want to be in five or so years time, and we see that we don't yet have the skills we need for this strategically chosen option - so we had better get on with the business of developing what we need.

For the SETA in the mining industry, the MQA, a strategic skills plan could literally take each item of the agreement reached in the Mining Summit and analyse it from the perspective of the skills needed for success. Implementation would entail identifying areas of priority, implementing agencies and resources. The Mining Sector Skills Plan could be an aggregation of all of these measures.

The Department of Trade and Industry, in collaboration with other departments, is helping to facilitate Sector Summits across a wide range of industries. These will provide an ideal anchor for strategic skills plans in the future.

### Conclusion

No amount of planning can enable us to see clearly into the future. Increased emphasis on more general learning is the best path to follow in times of very radical and unpredictable change - but this increases preparedness to learn, not skilled application which will need to be added

when the time is right. So an intelligent balance between generic and specialist learning will be needed.

There is also the question of those high level, specialised skills which were mentioned in the opening paragraphs of this article. The labour pool of such skills is simply not big enough in South Africa and emigration is exacerbating the problem. The lead time required to train such people in the traditional way forces one to consider alternatives - and genuine career pathing is one such alternative (immigration is another).

.. In addition to the traditional learning pathways for such people, perhaps they can be 'grown' from within industries by enabling craft equivalent skilled workers to become paraprofessionals and paraprofessionals to become professionals in more meaningful ways.

The new learnership system could be used to facilitate these new learning pathways. This needs to be a strategy at industry level, as it is unlikely that a single employer could alone affect the size of the skills pool.

There is, however, a clear responsibility for industries to signal such strategic shortages (either directly as in the past or through their Sector Skills Plans in future) to tertiary institutions. Together with government, industries should support such signals with targeted funding for traditional students as well as those that have the potential within the industry itself.

Without competent people, new strategies for productivity enhancement, small business promotion and development will flounder. It is as simple as that. ★

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